

DRAFT

September 14, 2004

Dear C-CHIP Applicant:

Thank you for your expression of interest in applying for the County Children's Health Insurance Program (C-CHIP).

As you may be aware, many counties in California have implemented or are in the process of implementing their own locally developed children's health expansion program, often referred to as the Healthy Kids Program. These programs generally cover uninsured children at or below 300% of the federal poverty level through the age of 18 regardless of citizenship/immigration status. The Healthy Kids Programs are usually funded through a variety of sources including First 5 Commissions, health plan reserves, foundations, private contributions, and county funds.

C-CHIP is a component of the Healthy Kids Program, but, refers to a specific group of children who qualify for federal matching funds. Specifically, C-CHIP refers to uninsured children between 250% - 300% of the federal poverty level through 18 years of age who have legal immigration status and have been in the United States for more than 5 years. The enclosed material will provide you with background information on the C-CHIP and guidance on the preparation of your Application Submission.

Application Fee

The Managed Risk Medical Insurance Board's (MRMIB) application proposal review process requires multiple reviews of each proposal to assure compliance with federal statutes and regulations. The review process consists of assessment of proposal requirements, return correspondence requesting necessary revisions, follow-up communications, review of all required resubmissions, and final approval when proposal is compliant with Chapter 648, Statutes of 2001 (AB 495), federal State Children's Health Insurance Program (SCHIP) statutes and regulations. MRMIB must then develop and submit a State Plan Amendment (SPA) to Centers for Medicare & Medicaid Services (CMS) for federal approval prior to the draw down of any federal funding participation. The average proposal review process takes approximately two to three months depending on the timeliness of the applicant's resubmissions. Therefore, an application fee of

\$17,000 is required to cover the proposal review and federal SPA processes. The application fee must be submitted along with the proposal and is non refundable.

Background

Legislation

The C-CHIP Program was authorized under Chapter 648, Statutes of 2001, to provide a financial mechanism (the Children's Health Initiative Fund) in the State Treasury for purposes of providing matching funds through intergovernmental transfers to counties who provide health insurance coverage to certain children in low-income households who do not qualify for health care benefits through the Healthy Families Program or no-cost Medi-Cal. The Fund is to accept intergovernmental transfers as the nonfederal matching funds for federal participation. Most services required under the C-CHIP mirror those provided by the Health Families Program (HFP).

Additionally, Chapter 687, Statutes of 2003 authorized the Managed Risk Medical Insurance Board (MRMIB) to (1) encumber a portion of the federal matching funds to administer the C-CHIP, and (2) annually make remaining unmatched federal funds from HFP available for C-CHIP purposes.

State Plan Amendment (SPA)

In order to implement C-CHIP, the California Title XXI State Plan needed to be amended. The passage of C-CHIP generated great interest from counties, and required a substantial amount of communications with the Federal Department of Health & Human Services Centers for Medicare & Medicaid Services (CMS) regarding requirements, policies and procedures. It was determined because of the level of interest, accommodation of requirements, and availability of local funding that the four counties of Alameda, Santa Clara, San Francisco, and San Mateo would comprise the first wave of the AB495 implementation. All four counties utilized the HFP templates for elements such as rules, processes, enrollee protections, outreach to other programs, benefits, cost sharing, etc.

In March 2003 MRMIB prepared and submitted a State Plan Amendment (SPA) which addressed the establishment of the C-CHIP. The SPA sought authorization for the four counties to establish services under the aegis of Chapter 648, Statutes of 2001. MRMIB conducted lengthy communications for many months with county, health plans, and CMS representatives regarding such items as definition of local initiatives, funding sources, and eligibility. Written documentation from CMS seeking clarification kept the clock ticking or stopped the clock of the time-limited response periods required of them. Over a period of 15 months the SPA was revised several times, with final approval being granted to MRMIB on June 10, 2004.

MRMIB and the four counties have broken "new ground" and by working together to develop the mechanism for this program to receive federal funding for children's health coverage that was previously funded by only local funds. The experiences and learning

processes of MRMIB and the initial four counties should greatly simplify the application submission process for other counties desiring to implement the C-CHIP.

New C-CHIP Expansion Efforts

Further expansion of C-CHIP will require that the State of California submit another State Plan Amendment to CMS. When approved, it will authorize another select group of counties to start receiving federal funds to cover federally eligible children between 250%-300% of the poverty level. The following material provides applicants with requirements, templates, and resource information for completing a C-CHIP Application.

Application Requirements

Counties proposing to apply for C-CHIP must submit an application which contains responses to the **Required Program Information (Table 1)** and all the required materials in the order listed in the **Required Application Material** section. Please ensure that the application is clearly written and addresses all the requirements. In writing your application, please pay special attention to the review factors to be used by MRMIB in determining the acceptability of your application.

Program Information

It is expected that the application will fully describe the health insurance program to be offered under C-CHIP and will address all aspects of the program from administration, operations, services, costs, oversight, and reporting.

In order to assist in the application development efforts, MRMIB has created Table 1 which highlights several important areas which need special attention because they will directly impact the development of the SPA. This important information is presented in the following table. Each inquiry/question contained in the “Required Program Information” Column is referenced to questions in the SPA template. This reference is cited so you can more fully understand why the information is needed, get acquainted with the programmatic language used in the SPA, and use the C-CHIP SPA as an example or guide when preparing your application. MRMIB believes that there is no need to “reinvent” text, templates, or processes.

From the CMS website you will also be able to review the lengthy and detailed questions and responses by MRMIB to gain approval of the County Expansion (C-CHIP) SPA. The SPA document contains amendments for the AIM Program as well as the C-CHIP, please note that the C-CHIP amendments appear in red ink.

TABLE 1**Required Program Information**

| CATEGORY | REQUIRED PROGRAM INFORMATION | SPA REFERENCE* |
|----------------------------------|--|---|
| Coordination | <ul style="list-style-type: none">Describe how referrals of families with children potentially eligible for the Medi-Cal or HFP will occur. | Section 2.3. Coordination with other programs |
| Length of Eligibility | <ul style="list-style-type: none">Identify the length of eligibility proposed in the plan. Describe the proposed redeterminations process and include all documents and instructions that will be used to conduct redeterminations. | Section 4.1.8. Duration of Eligibility |
| Eligibility Process | <ul style="list-style-type: none">Provide a description of the enrollment process to be followed by the plan. | Section 4.3. Methods of determining eligibility |
| Eligibility Determination | <ul style="list-style-type: none">Identify who will be responsible for determining eligibility. | Section 4.4.2. Medicaid application process |
| Eligibility Referencing to Plans | <ul style="list-style-type: none">Identify who will be responsible for sending enrollment information to the health, dental and vision plans. | Section 4.4.3. SCHIP enrollment |
| C-CHIP Sponsor | <ul style="list-style-type: none">Identify who will be the sponsor of the C-CHIP (i.e. the county, independent contractor, etc.)? What is the relationship between the sponsor and the county? If other than a county sponsor please provide information regarding decision making powers. | |
| Plan Licensing | <ul style="list-style-type: none">Provide an assurance that the health care service plan(s) identified in the application is/are licensed by the appropriate regulatory entity (CA Department of Managed Health Care or Department of Insurance) or copy of county organized health system approval documentation. | |
| Contracts | <ul style="list-style-type: none">Identify if the sponsor will contract with the health, dental, and vision | |

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| | plans directly or will be subcontracted through the health plans? | |
| Contracts | <ul style="list-style-type: none"> Complete Certificate of Compliance - Standard State Compliance | Enclosure 16 |
| Outreach | <ul style="list-style-type: none"> Provide a description of the outreach methods to be followed by the plan | Section 5. Outreach to families of children |
| Appropriateness of care | <ul style="list-style-type: none"> Submit a copy of the Healthy Kids Program Application, instructions, handbook, and Evidence Of Coverage (EOC) booklet. | Section 7.1.3. Information Strategies |
| Correspondence Templates | <ul style="list-style-type: none"> Submit a copy of all correspondence materials that will be used to correspond with the applicant (welcome letter, denial letter, request for additional information, reminder notices, appeals, disenrollments, etc.) | (See selected samples in Enclosure 4) |
| Benefits | <ul style="list-style-type: none"> Provide a description of the health, dental, and vision benefits that will be offered. | (Complete Enclosures 5, 6, and 7). |
| Single or Multiple Plans | <ul style="list-style-type: none"> Identify who will be responsible for providing the health services, vision services, and dental services. | |
| Plan Options | <ul style="list-style-type: none"> Identify if there will be only one service plan offered in each category (health, dental, vision) or will the applicant have a choice? If so, please identify the choices. | |
| Cost Sharing | <ul style="list-style-type: none"> Identify the premium that will be charged to the applicant, any discounts for payment in advance, or any maximum limits that will be established. | Section 8.2.1. Premiums (Complete Enclosure 8) |
| Copayments | <ul style="list-style-type: none"> Identify the copayments and the services for which participants will be charged. | Section 8.2.3. Coinsurance or copayments (Also included in Enclosure 5, 6, and 7) |
| Funding Source(s) | <ul style="list-style-type: none"> Provide a description of all the funding sources to be used. If county General Funds are used, identify the specific local revenue | Section 9.10. Provide projected sources of non- |

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| | sources to be utilized as matching funds, including the specific fund, category and/or tax that generated the revenue. | federal share of plan |
| Appeals | <ul style="list-style-type: none"> Describe the Healthy Kids Program appeals process. Address how an applicant can dispute a decision made by the program and the processes in which an applicant can request continued enrollment in the program while a dispute is being reviewed, i.e. annual redetermination decision. | Section 12.1. Eligibility and Enrollment Matters |
| Operating Costs | <ul style="list-style-type: none"> Identify total projected capitation rate and percentage of cost to be allocated for administration, including the cost to the State. | See sample invoice form (Enclosure 9) |
| Fiscal Reporting Requirements | <ul style="list-style-type: none"> Identify how projected and actual enrollment and expenditure data will be collected and reported. | See sample Enrollment and Expenditures Budget Form (Enclosure 10) |
| Contact Person | <ul style="list-style-type: none"> Provide the name, title, and contact information for the person who will be responsible for the preparation and submission of the Enrollment and Expenditure Budget reports. | |
| County/Health Plan Relationship | <ul style="list-style-type: none"> Describe the legal structure of your organization. | |
| County/Health Plan Relationship | <ul style="list-style-type: none"> Identify whether the organization has a separate Board. | |
| County/Health Plan Relationship | <ul style="list-style-type: none"> Describe how the Board is appointed. | |
| County/Health Plan Relationship | <ul style="list-style-type: none"> Describe the exact relationship between the organization and: <ul style="list-style-type: none"> a. County government in general b. The County Board of Supervisors c. The County Health Department d. The County Welfare Department | |
| County/Health Plan Relationship | <ul style="list-style-type: none"> Identify if the organization has any formal contracts or Memoranda of Understanding with any other entity of county government for any of the organization's programs or populations served. | |

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| County/Health Plan Relationship | <ul style="list-style-type: none"> Enclose a copy of your organization's charter and/or enabling ordinance and, if applicable, your board's by-laws. | |
| Other | <ul style="list-style-type: none"> Submit any additional information or materials necessary to describe the scope of your proposed program. | |

- SPA References can be found on CMS web page as "State Clarification Submitted May 11, 2004". Directions to navigate the CMS Web Page are presented in Enclosure 11.

Required Application Material

1. Clear and comprehensive description of the proposed C-CHIP program with special attention given to the responses to the questions in **Table 1**.
2. A copy of the application, instructions, and the Evidence of Coverage booklet.
3. Copies of all program correspondence to be used during the application process (i.e. welcome letter, denial letter, request for additional information, etc.), on an ongoing basis (billing statements, reminders, appeals, disenrollments, etc.), at Annual Eligibility Review (i.e. notices, forms, reminder notices, denial letters, acceptance letters, request for additional information, etc.).
4. Identification of specific local revenue sources to be utilized as matching funds. If County General Funds are to be utilized, identify tax source, etc.
5. Identification of the provider network to be utilized, i.e. the Medi-Cal, HFP, or other network.
6. Completed Benefit Matrices (Enclosures 5, 6, and 7).
7. Complete Premiums Matrix (Enclosure 8)
8. Completed Certificate of Compliance (Enclosure 16)
9. Any additional information or materials necessary to describe the scope of the proposed program.

MRMIB Review

Upon receipt of an application MRMIB will review the application in its entirety using the following factors to ensure compliance, completeness, and clarity.

1. The extent to which the program described provides comprehensive coverage including health, dental, and vision benefits.
2. Whether the application includes a promotional component to notify the public of its provision of health insurance to eligible children.
3. The simplicity of the application's procedures for applying to participate and for determining eligibility for participation in its program.
4. The extent to which the application provides for coordination and conformity with benefits provided through No Cost Medi-Cal and the Healthy Families Program, including referrals for potentially eligible children to the appropriate program.
5. The extent to which the application provides for coordination and conformity with existing Healthy Families Program administrative entities in order to prevent administrative duplication and fragmentation.
6. The ability of the health care providers designated in the application to serve the eligible population and the extent to which the application includes traditional and safety net providers, as defined in regulations adopted pursuant to the Healthy Families Program.
7. The extent to which the application intends to work with the school districts and county offices of education.
8. The total amount of funds available to implement the program described in the application, and the percentage of this amount proposed for administrative costs as well as the cost to the State to administer the application.
9. The extent to which the application seeks to minimize the substitution of private employer health insurance coverage for health benefits provided through a governmental source.
10. The extent to which local resources may be available after depletion of federal funds to continue any current program expansions for persons covered under local health care financing programs or for expanded benefits.

Application Format

Applications shall be printed using the New Times Roman type font, size 12. The pages should be double spaced and placed in 3-hole binders.

You may submit your application electronically to jlopez@mrmib.ca.gov and then sending an original hardcopy (with original signatures); or you may submit two hardcopies (at least one being an original. All the requested items must be submitted to:

Janette Lopez
Managed Risk Medical Insurance Board
P.O. Box 2769
Sacramento, CA 95812-2769

We look forward to working with you. This packet also contains several enclosures with information you may find helpful in developing your application. If you have any questions regarding this notice, contact me at (916) 324-4695.

Sincerely,

Janette Lopez
Supervising Manager
Eligibility, Enrollment and Marketing Division

ENCLOSURE 1 Model Contract
ENCLOSURE 2 HFP Regulations (Information Only)
ENCLOSURE 3 2006 Federal Income Guidelines
ENCLOSURE 4 Sample Applicant Correspondence (letters, notices, etc.)
ENCLOSURE 5 HFP/C-CHIP Health Benefit and Co-Payments Matrix
ENCLOSURE 6 HFP/C-CHIP Dental Benefits and Co-Payments Matrix
ENCLOSURE 7 HFP/C-CHIP Vision Benefits and Co-Payments Matrix
ENCLOSURE 8 HFP/C-CHIP Premium Matrix
ENCLOSURE 9 Sample C-CHIP Invoice Form
ENCLOSURE 10 Sample C-CHIP Enrollment and Expenditures Budget Form
ENCLOSURE 11 How to Navigate to CA SPA on CMS Web Page
ENCLOSURE 12 SPA Template (Information Only)
ENCLOSURE 13 Assembly Bill 495, Diaz, Chapter 648, Statutes of 2001
ENCLOSURE 14 Assembly Bill 1130, Diaz, Chapter 687, Statutes of 2003
ENCLOSURE 15 State of California Certificate of Compliance